

Message Text

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ACTION EB-11

INFO OCT-01 EA-11 ISO-00 SPC-03 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 DODE-00 PA-04 USIA-15 PRS-01 NSCE-00

SCI-06 DRC-01 /161 W

----- 117929

R 130610Z DEC 73

FM USLO PEKING

TO SECSTATE WASHDC 1134

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ETRD CH

SUBJ: SALE OF MINING EQUIPMENT TO PRC

1. A TEAM FROM DRESSER INDUSTRIES MINING & CONSTRUCTION GROUP OF HOUSTON HAS SOLD THE PRC OVER DOLLS500,000 WORTH OF BLAST HOLE DRILL BITS AND SOME ASSOCIATED EQUIPMENT (E.G., STABILIZERS; AIR AND WEIGHT MEASURING INSTRUMENTS). THE EQUIPMENT IS TO BE USED WITH THE DRILLING RIGS WHICH THE PRC IS BUYING FROM BUCYRUS ERIE. DELIVERY OF THE DRESSER EQUIPMENT IS SCHEDULED FROM LATE APRIL TO DECEMBER 1974. PAYMENT IS CASH (I.E. L/C). THE DRESSER TEAM, HEADED BY PRESIDENT J.R. BROWN AND VICE PRESIDENT J.A. WOOD, HAS BEEN IN PEKING NEGOTIATING WITH THE CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORPORATION (MACHIMPEX) FOR ABOUT TWO WEEKS.

2. THE DRILLING BITS IN THIS SALE, ACCORDING TO BRUCE WILKINSON, ASSISTANT TO THE DRESSER PRESIDENT, ARE FOR IRON ORE AND, DRESSER BELIEVES, ARE FOR USE AT ANSHAN OR

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ELSEWHERE IN MANCHURIA. DRESSER ESTIMATES TOTAL

PRC DRILL BIT REQUIREMENTS FOR 1974 IN THE DOLS750,000 TO DOLS800,000 RANGE. WILKINSON SAID THE SIZE OF THE PRESENT SALE WAS LIMITED DUE TO DRESSER'S INABILITY TO DELIVER MORE DURING 1974. DRESSER EXPECTS CHINESE REQUIREMENTS AFTER 1974 TO GROW TO ABOUT DOLS1.5 TO DOLS2.0 MILLION PER YEAR.

3. WILKINSON EXPECTS THAT THE CHINESE WILL SOON ORDER ADDITIONAL SIMILAR DRILL BITS FROM HUGHES TOOL (A HUGHES REPRESENTATIVE IS ALSO IN PEKING NEGOTIATING WITH MACHIMPEX), FROM SMITH INTERNATIONAL (WHOSE REPRESENTATIVES WERE RECENTLY AT CANTON) OR FROM REED TOOL (WE DO NOT KNOW IF THE CHINESE HAVE BEEN IN TOUCH WITH THIS FIRM). HE ALSO BELIEVES THERE IS GOOD POTENTIAL FOR THE SALE OF SOFTER TYPE DRILLING BITS (E.G., FOR COAL) TO THE PRC, AND DRESSER HOPES TO GET A GOOD SHARE OF THAT BUSINESS.

4. MEANWHILE, CONTRACT TALKS BETWEEN BUCYRUS ERIE AND MACHIMPEX HAVE BEEN LONG AND DIFFICULT BUT, WE ARE TOLD, ARE CLOSE TO COMPLETION. THE CONTRACT IS IN CONNECTION WITH CHINESE LETTER OF INTENT IN OCTOBER FOR THE PURCHASE OF B-E EQUIPMENT WORTH SOME DOLS15-20 MILLION (PEKING 1245).

5. DRESSER REPRESENTATIVES STRESSED THAT ABOVE INFORMATION IS COMMERCIALY SENSITIVE AND ASKED THAT IT NOT BE DIVULGED OUTSIDE USG.

BRUCE

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